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Discount Store News®

SECOND CLASS

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Meijer to Re-Enter Cincy After Hills, Ames Exit

By Richard C. Halverson

CINCINNATI — Capitalizing on the departure of Ames and Hills from the Greater Cincinnati market, Meijer is planning to re-enter a market it abandoned in 1987.

Meijer, headquartered in Grand Rapids, Mich., is negotiating for a 210,000-square-foot store site in the new Turfway Square shopping center currently under development in Florence, Ky., said Michael Phillips, a partner of the developer, Carroll Properties.

Meijer is committed to re-entering the Greater Cincinnati market, of which Florence is a part, with five to six stores, Phillips said.

Meijer first set foot in Cincinnati in 1981, when it acquired a string of supermarkets and converted them to a general merchandise concept called Meijer Square. But it closed all eight Meijer Square units in 1987 to concentrate on its combination food and general merchandise hypermarket concept, then called Meijer Thrifty Acres but since shortened to Meijer.

It sold many of the Cincinnati area stores to Zayre, which Ames acquired in 1988. Ames was operating nine stores in the market but closed them all after it declared Chapter 11 bankruptcy last year.

Moreover, Hills has closed all five of its stores in the market following its Chapter 11 bankruptcy filing early this year.

Despite their departure, the market hardly lacks for discount stores. Under the Commerce Department's definition of the Cincinnati Metropolitan Statistical Area, the market includes: nine Kmarts, four Wal-Marts, three Sam's Club units, one Pace Membership Club, one Big Bear Plus food and general merchandise combo store, three Value City discount stores, two Bigg's hypermarkets and six stores each of two Cincinnati-based discounters: Van Leunen's and Swallens.

Meijer already operates one unit on the northern fringes of the MSA in Franklin, Ohio, about 30 miles north of Cincinnati.

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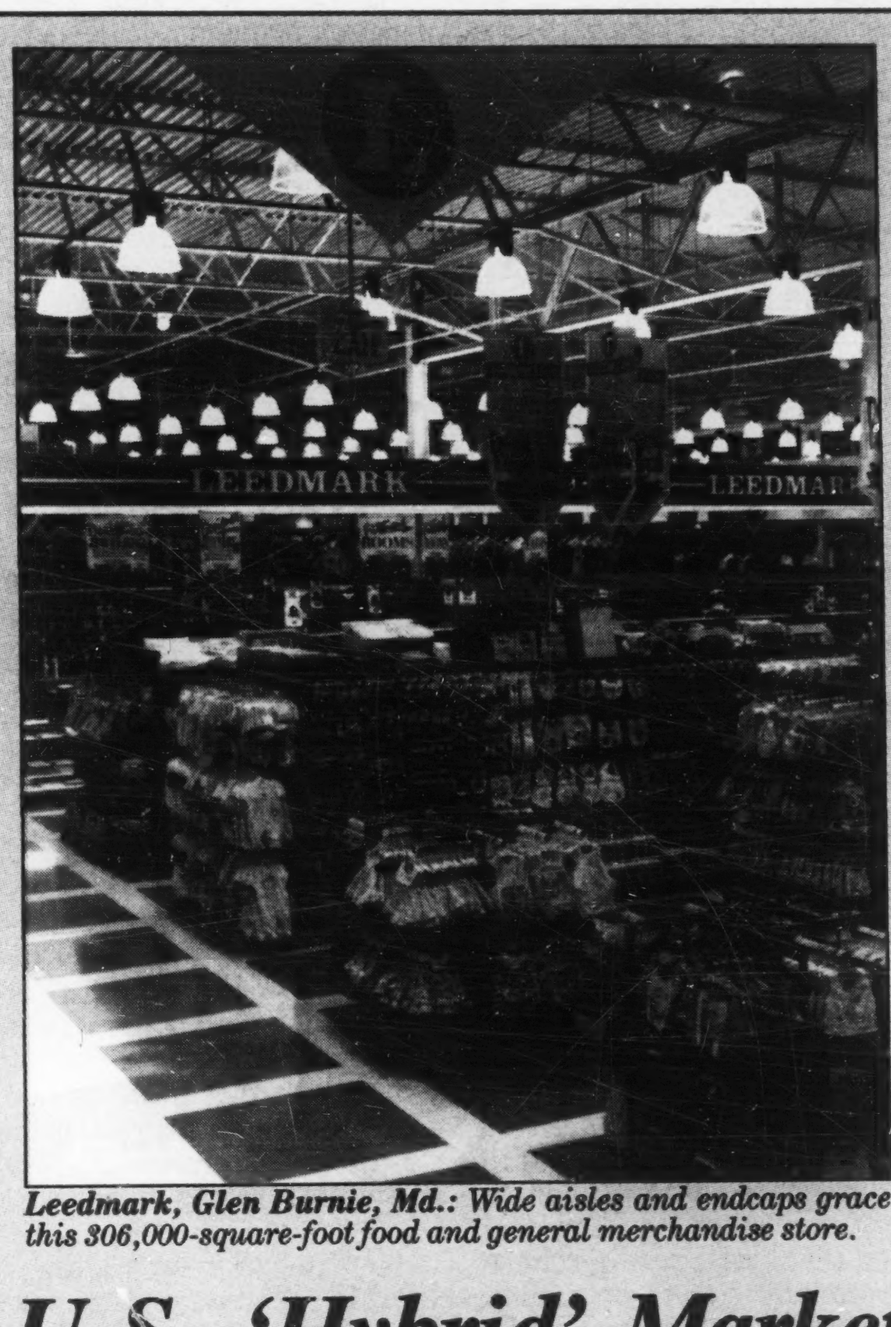

***Leedmark, Glen Burnie, Md.:** Wide aisles and endcaps grace this 306,000-square-foot food and general merchandise store.*

U.S. 'Hybrid' Market Has a French Flavor

By Arthur Markowitz

GLEN BURNIE, Md. — New Eldis Corp. launched its Leedmark hybrid store operation here using a unique corporate structure that mirrors the Edouard Leclerc hypermarket group of France, some of whose members helped fund the American venture.

New Eldis currently owns 99% of the initial Leedmark, with 1% held by G.B. Glenmark Ltd., the first company operating under New Eldis' auspices. New Eldis, however, has leased the $10 million, 306,000-square-foot food and general merchandise combination store from the Invesdis Corp., a separate firm that will own the real estate and buildings of all Leedmark units.

G.B. Glenmark can operate only one other Leedmark and can own 50% of each venture, with its investment also being the corresponding value of shares in New Eldis.

New Eldis' structure is similar to the Leclerc group,

(Continued on page 50)

A New Growth Opportunity?

Wal-Mart Rumor Adds Spice to Mexican Bowl

By Mary Ellen Kelly

MONTERREY, Mexico — A few months ago, a plane landed here carrying key Wal-Mart executives. The retailers, according to confidential sources, spoke with management at some of the country's leading discount and hypermarket chains. Some sources said they met with Gijante or Aurrera, while others said the talks were with Commercial Mexicana (which recently filed an initial public offering), or publicly held Cifra.

After a tour of the market, the Wal-Mart team shook hands with the Mexican businessmen, boarded their plane and went back to Bentonville. That brief visit was like an earthquake, sending tremors through the Mexican business community and across the U.S. border.

The field trip, which Wal-Mart refused to comment on, helped fuel speculation that the U.S. retailer had purchased a portion of stock in a Mexican discount store chain. Although a Wal-Mart spokesman told *DSN* the chain has not made such a purchase, analysts, consultants, vendors, Mexican press and retailers still believe that there must be some element of truth to the persistent speculation.

One analyst summed up the sentiments of much of the industry when he said, "The rumors regarding Wal-Mart in Mexico are widespread in the industry these days . . . They have been so persistent I would find it hard to believe that there's no truth in them."

Regardless of what Wal-Mart is or is not doing south of the U.S. border, retailers like Sears and Woolworth have been cultivating what is expected to become an explosive market in the years ahead.

(Continued on page 50)

MEXICO
TOTAL LAND AREA: 756,066 square miles
CAPITAL: Mexico City
POPULATION: (1989) 86,366,019
LANGUAGE: Spanish
GOVERNMENT: Federal republic
GDP:* $135.9 billion
PER CAPITAL INCOME: $1,640
*GDP: Gross Domestic Product. *Source: DSN research*

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Prototypes Symbolic Of 'Can-Do' Kmart

TROY, Mich. — Kmart's new Sayville, N.Y., store, internally called "Oak Park II," is evidence of the discounter's "dissatisfaction with the status quo" and the company's new "can do" attitude, according to chairman and chief executive officer Joseph Antonini.

Speaking before Kmart's annual shareholders meeting here May 29, Antonini reported on the overall health of the chain, its subsidiaries, company-wide goals and achievements. Change was a common theme of his talk.

He noted that each Kmart division was on the offensive in their respective industries, making changes that provide them with unique looks and programs. First-quarter 1991 sales receipts reaped the benefits of many of those changes with increases that ranged from 5.1% for the discount store division to 200% for The Sports Authority—a 21.3% comp store increase.

In 1990, company sales totaled $32 billion, up 8.6%.

Kmart's "biggest problem" in 1990, according to Antonini, was the sales per square foot decline at the discount stores. Sales per square foot fell to $189 in fiscal 1990 from $191 in fiscal 1989.

Another highlight of the annual shareholders meeting in-

(Continued on page 49)

MARKETWATCH

Kmart Dividends Rise for 27th Year

TROY, Mich. — Kmart will pay stockholders 44 cents per share June 10 for each share of common stock held prior to May 16, 1991. This represents an increase in the annual rate of $1.76 from $1.72. This is the 27th consecutive year Kmart dividends have been raised.

Execs: Consumers Will Pay for Green

NEW YORK — A recently completed Gallup poll found that 62% of manufacturing and packaging executives believe that consumers will pay more for environmentally-friendly products and packaging. The poll, conducted at the behest of Walter Dorwin Teague Associates, an international industrial design firm, revealed that respondents also are becoming more willing to spend extra for "green" products than they were two years ago. In 1989 when a similar survey was conducted, 58% of the respondents said that the extra cost of producing green products should be passed on to and would be accepted by consumers.

Bisceglia Receives Humanitarian Award

HANOVER, Mass. — The Cardinal Cushing School and Training Center, presented its Humanitarian Award to Francis X. Bisceglia, Service Merchandise's divisional senior vice president, hard lines merchandising. Presenting the award was Jerry Foreman, Service Merchandise's operating vp of merchandising. Also participating was His Eminence Barnard Cardinal Law of Boston.

QVC Airs Show on JCPTV Systems

WEST CHESTER, Pa. — QVC has begun to air its teleshopping program on cable systems that formerly carried the JCPenney TV Shopping Channel (JCPTV). The agreement between QVC and JCPenney doesn't affect JCPTV's ownership of affiliation agreements with these cable systems, which is the subject of a court suit filed by Shop TV which had been producing JCPTV's shopping program (see *DSN*, April 15, page 3). About 8 million of the 12 million households that can receive JCPTV already can view QVC. QVC expects to offer another shopping program to these homes by July 1.

Nynex Suspends Info-Look Service

WHITE PLAINS, N.Y. — Nynex has become the latest regional telephone company to suspend its gateway information and shopping service, which enabled computer users to connect to on-line services, because the venture wasn't profitable. The New York/New England Baby Bell said nearly 12,000 customers tried Info-Look at least once but not enough customers used it on a steady basis for it to be profitable. Nynex asserted that judicial restrictions that prevented it from providing or controlling the quality of services on Info-Look discouraged users. Competing services like Prodigy or CompuServe don't face such restrictions, Nynex added.

FOR THE RECORD

Jan Bell Marketing, which supplies jewelry to a number of wholesale clubs, plans to acquire Michael Anthony Jewelers, which is a supplier of primarily gold jewelry to retailers. *DSN* incorrectly identified Michael Anthony's line of business in the May 20 issue.

IMRA Fighting Pro-Union Regs

Rules Would Allow Unions to Solicit on Retailer Property

By Ken Rankin

WASHINGTON — Discount industry leaders are urging the Supreme Court to shoot down controversial federal rules granting union organizers access to retail store facilities.

The focus of the industry's concern: a three-year-old National Labor Relations Board policy under which discounters and other retailers may be required to allow labor organizers to recruit union members on store property.

According to officials at the International Mass Retail Association, the ground rules adopted by NLRB have created "a skew in favor of union access" to retail facilities.

In a "friend of the court" brief filed in cooperation with the U.S. Chamber of Commerce, IMRA called for a ruling that would make it possible for retailers to keep union activists off of company property unless the union has no other means of contacting store employees.

The case, Lechmere vs. NLRB, was prompted by the United Food and Commercial Workers Union to organize store employees at the Lechmere Shopping Plaza in Newington, Conn.

When the shopping center operators sought to prevent organizers from recruiting members on the company's premises, the union filed an unfair labor practice complaint with NLRB. Although the Board acknowledged that the union was able to contact employers without trespassing on company property, it nevertheless held that Lechmere must permit labor organizers to solicit on the center's parking lot.

That NLRB ruling was subsequently upheld by a federal appeals panel and is now under final review by the Supreme Court.

In asking the high court to require a shift in NLRB policy, IMRA cited legal precedents under which retailers are required to grant access to labor activists only if the union is able to demonstrate that no "less intrusive" organizing techniques are available.

Manufacturers Get 'Green' Guide

Nationwide DSN Report

Manufacturers now have a firm guideline on what environmental claims major states will permit them to make without running into charges of public deception.

In "Green Report II, Recommendations for Responsible Environmental Advertising," the attorneys general of 11 states have spelled out in final form what they regard as fair environmental claims that manufacturers can make in advertising.

In general, environmental claims:

- Should be specific and not general and vague;
- Recyclable and compostable claims should be made only when the product is being widely recovered through such methods;
- Environmental claims should be substantive;
- Manufacturers should support their claims with reliable scientific evidence.

Green Report II follows a preliminary report issued last November by the attorneys general of California, Florida, Massachusetts, Minnesota, Missouri, New York, Tennessee, Texas, Utah, Washington and Wisconsin. The final version incorporates suggestions of both manufacturers and environmental groups.

Green Report II also calls on federal agencies and Con-

(Continued on page 50)

Joe Antonini Stakes Own Bread on Kmart's Future

WASHINGTON — Kmart chairman and president Joseph Antonini is backing up his confidence in the retailer's future with his own money.

Antonini bought 14,000 Kmart shares for $582,350 on the open market April 8 and April 19—his largest purchase of company stock—according to a May filing with the Securities and Exchange Commission. The purchases, most at $41.63 a share, boost his Kmart holdings almost 40% from his previous stake of 38,556 shares.

Antonini, whose salary and incentive bonuses amounted to $992,625 last year, holds options exercisable for 387,500 shares, according to Kmart's proxy statement. But he purchased the stock on the open market to demonstrate his belief that the retailer's revitalization strategies were working.

Kmart has been trading in the $45 a share range at press time, so that the value of Antonini's purchases have increased, on paper, over $49,000.

Antonini's previous open market stock purchases were on the day of and the day after the stock market crashed in 1987, according to the SEC filing.

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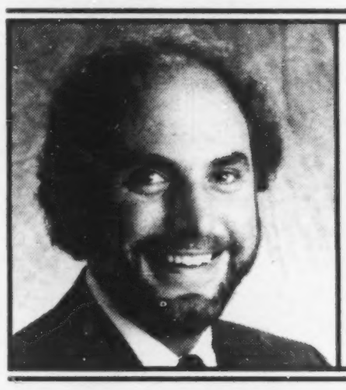
EDITORIAL

Dr. Pistner's Vision Takes Shape at Ames

It was about a year ago when ailing Ames rocked the discount industry and filed for protection under Chapter 11. Since then, this venerable Connecticut-based chain has been trying desperately to recover. Dr. Stephen Pistner, the turnaround specialist who previously helped Target and Montgomery Ward, was brought in to restructure the chain. Slowly and quietly the patient has responded, but a total recovery, as Dr. Pistner admits, is still a long-term process.

Dr. Pistner quickly discovered the Ames' ailment was much more serious than he, and many analysts, had first believed. Every aspect of the business was suffering and immediate attention was required just to survive. Several measures have been implemented successfully including a revamping of the health and beauty aids category, creation of a special buying group for "ethnic" stores, and implementation of POS systems. (An exclusive analysis of Ames will appear in the July 8, 1991 issue of *Discount Store News*.)



TONY LISANTI
Editor

Perhaps, one of the most encouraging signs of recovery is not the POS system or the improvement in H&BA or the ethnic product assortment—though they are important—but simply the morale of the Ames associates and their commitment to the customer. As the Doctor admitted during a recent interview, before Ames can implement any change or improvements to the business "we must have the right people to execute our strategies." As you can imagine, morale was extremely low at this time last year. But it now appears that the associates have begun to respond. In fact, over 100 store managers have been replaced.

Dr. Pistner has even consulted with another doctor of sorts, Lee Iacocca. The Chrysler chairman told Ames associates: "Whatever it takes, take care of your customer. Everyone in the organization, at the end of the day ought to ask: 'What have I done today to give the customer value?' It doesn't make any difference if you're on an assembly line or behind a cash register—everyone ought to be serving the customer. Everyone has to accept change, has to go beyond themselves, has to get that fire in their belly to succeed—but it starts with people."

But the most telltale sign of a "new spirit" at Ames comes from associate Ira Pennington from the Leesport, Pa. distribution center who wrote the following poem. He calls it "The Ames Promise." And I'm sure the good Doctor smiles widely every time he hears these words:

Our Ames Store is here to stay./We're here for our customers both night and day./We call our customers Number One./Because in sales, we won't be undone!

We're here to stay and that's a fact./We'll bend over to bring you back./We open the store when you're in bed./We're an Ames store, we must stay ahead.

We love our customers and that's a fact./That's why they keep coming back./So come on in and browse around./Our salespeople are the nicest in town.

Mr. Pistner came to Ames to have some fun./He said he wouldn't stop until we're number one./We'll do anything to win you back/We all mean that, and that's a fact!

This strong, positive attitude is the medicine that will help cure almost any ailment and I'm sure Dr. Pistner will see to it that it is administered regularly in large doses as Ames continues its recovery. The discount retail industry could use a few more employees like Ira.

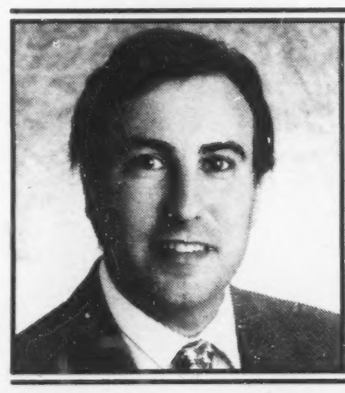
BUYERS & SELLERS

Store Visits: A Tale of Two Discounters

With apologies to Charles Dickens: It was the best of retailing; it was the worst of retailing.

I'm talking about a recent day I spent visiting discount stores on Long Island. I started the day at Kmart's then-newest store in the New York suburb of Sayville. That store is clearly one of the finest examples of discount retailing. Kmart just opened its third Long Island store (June 6 in Levittown). The Levittown store is expected to be one of the largest volume stores in the entire Kmart chain, but the Sayville store is still considered to be Kmart's model store.

Even with all the new technology features being tested in Sayville, I was most impressed with the intelligent fine-tuning of the store's merchandise mix. Throughout the store, numerous low-quality and low-margin items have been eliminated, replaced by new lines of better quality merchandise. Kmart buyers have done a tremendous job of going out and finding new products, like decorative spray paints, to create incremental business. The shopper is offered a better selection of products in those lifestyle departments where Kmart has decided to be dominant. The store retains its discount image with very sharp prices.



DON LONGO
Exec Editor

Driving a few miles west, to Bayshore, brought me down to earth. The recent history of Child World reads like a soap opera. The chain has undergone management turnover, an almost sale, and a precipitous drop in earnings. Now, the No. 3 toy chain is on the verge of being sold again. From the looks of the store I visited, the new owners will have their hands full. It appears that every bad buying decision that could be made, was made. Someone must have gone batty . . . with Batman action figures, Batmobiles, Batwing aircrafts, Bat action sets, etc., creating mountainous runs of unsold, clearance merchandise. What an example of licensing run amok! The store had more Bart Simpson dolls than I've ever seen in one place. Hordes of Dick Tracy merchandise overflowed the shelves. Why were there six colors of Yum-Yum plush dolls when four would have been sufficient?

Virtually everything in the store was marked 30% to 50% off, with no explanation. It looked like a fire sale. And, more popular items, like several Nintendo and Sega software titles and some juvenile products, were conspicuously out of stock.

The former Toys 'R' Us execs who are expected to soon take the reins must develop a clearer merchandising philosophy, one that enables Child World to meet customer expectations. And, they must put the mechanisms into place to execute their merchandising philosophy.

A big congratulations to Melissa Poe, the Tennessee school girl who founded Kids For A Clean Environment (Kids FACE). Melissa led a group of children from the Bede School in song before the United Nations' third annual Youth Forum on the Environment June 6. Wal-Mart sponsors Kids FACE, which has grown to over 300 clubs around the world. "I want to live till I'm 100 years old," the cute blonde-haired child told hundreds of young people from throughout the world gathered in the UN General Assembly. "This is *some* club," said Melissa. "We are involved. We are doing something because we care and together we can make a difference."

You're right, Melissa. It is *some* club.

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BEAUTY CARE MERCHANDISING

Teens: New Foundation of Cosmetic Buyers

Women 13 to 21 Makeup the Largest Group of Consumers for the Industry

By Jill Lettich
Nationwide DSN Report

It may burst some bubbles, but the rosy cheeks found on many young teenage girls may actually be a pink blusher.

Retailers and cosmetic manufacturers should be happy to note that in a survey of young women ages 13 to 21, more than 85% reported wearing powder-based blusher. Even more use lipstick and eye makeup consistently.

These and other statistics compiled in the Global Research/*Seventeen* magazine 1990 Cosmetic Survey reveal that young consumers are serious about looking good. They are also spending quite a bit of money to achieve that goal.

Overall, drug stores are the most popular place to buy cosmetic products and were the big winners in capturing young consumers' dollars. Discount/-variety stores came in third, behind department stores as a whole, but did manage to edge ahead in certain categories.

Discount stores rated first in purchases of eyebrow products. It followed closely behind drug stores in the purchase of nail polish, nail hardener and mascara.

According to Susan Clarke, research manager for *Seventeen*, the numbers for discount/ variety stores held their own when compared to 1989. In earlier research, discount and variety stores were separate categories so that accurate comparisons are difficult, she said.

No matter where the products were purchased, what was impressive about the latest findings was the amount of money that respondents were willing to spend to look their best.

Surprisingly, foundation was the most expensive item purchased by this young age group, averaging $7. However, a full 25% said they had actually spent $10 or more on their last purchase of foundation.

"There seems to be more of this age group going into department stores to buy some of their cosmetics," said Clarke. "That is a relatively new development that may have added to the cost of an item such as foundation."

In fact, she noted that while no one brand markets to this group specifically, it does not prevent teenagers from spending money on what is an "adult" cosmetic brand.

Spending for this age group on cosmetics, in general, was up about 3.2% from 1989. Citing the Rand Youth Poll, Alan Kalish, director of research at *Seventeen*, noted that in 1989, 13- to 19-year-old girls spent $339 million. In 1990, this age group spent $350 million. The increase occurred despite the fact that there are fewer teenagers in the population today.

Those teenage girls seem to be spending money enhancing the look of their eyes.

Of all the categories in the survey, more young women said they used eye makeup than any other product. A full 96.2% of those responding said they used some type of eye makeup. Mascara, eye liner and eye shadow were the most popular forms.

On average, however, less money was spent on this cosmetic. The price for eye shadow averaged $5.10, but 25.5% said they had spent only $3 on their last purchase of eye shadow.

The majority of respondents were also very saavy about the use of eye makeup. There were 58.6% of respondents that said they used two or more eye shawdow colors at one time. A full 25.2% said they used three or more colors at one time. There were only 16.2% that said they use only one color at a time.

According to Clarke, there are two interesting developments in the 1990 findings. There was a large increase in the use of lipstick. This seemed to be in place of lip gloss. In addition, a higher proportion of respondents are using eye liner.

Of the 90% of respondents that said they used lipstick, 51.5% said they used more than they did a year earlier. While the average price of a lipstick was $4.70, 27% did spend between $5 and $9 on their last purchase.

Pink was the lip color of choice, noted 41.6% of respondents. Following closely behind was coral (25.4%). Red, clear and the plum/burgundy/wine palette registered about 10%.

On average, $3.40 was spent on eye liner. Of the 78% of respondents that use eye liner, 34.1% reported increased use over last year.

Both the eye liner and lipstick categories were influenced by the fashion magazines. "I think you are more likely to see models in magazines wearing eye liner now, so it is more acceptable," Clarke said. "It was just not done a few years ago."

Another product area that performed well in this survey was chapped lip products. It came in second after eye makeup in total usage. The category also outpaced lipstick. There were 91.3% of respondents that use chapped lip products, and use them frequently. Of all users, 47.7% said they used these products more than once a day.

It requires a shopping spree of every two to six months to keep up with the cosmetic needs of 13- to 21-year-olds, according to the survey.

For frequently used items such as lipstick, face powder, foundation and spot cover-up,

(Continued on page 33)

Place Of Purchase Of Cosmetic Products[1]

Item	Drugstore	Department Store	Discount/Variety Store	Other*
Blusher	51.7%**	35.0%	21.0%	30.6%
Face Powder	55.1	28.2	20.8	27.6
Foundation	51.3	32.4	17.7	34.4
Cover-up	55.9	21.7	18.3	28.1
Mascara	61.0	22.4	24.5	28.7
Eye Shadow	52.4	32.4	25.8	32.1
Eye Liner	57.2	24.8	22.9	33.2
Eyebrow Product	30.3	28.3	31.7	37.7
Lipstick	57.2	40.5	21.7	44.1
Lip Gloss	59.4	23.4	24.7	45.4
Nail Polish	66.3	18.4	28.2	37.2
Nail Strengthener/Hardener	59.3	11.8	26.1	41.6

[1]Base: Users of each product
**Includes supermarkets, home agents, mail order, beauty salons, catalogs and other.*
***Percentages in each row add to more than 100% due to multiple mentions.*
Source: 1990 Cosmetic Survey conducted by Seventeen magazine and Globe Research Corp.

***Discounters/variety stores** were the third most popular place for young women to buy cosmetics, the survey said.* (DSN photo)

Cosmetic Highlights*

- For most cosmetic products, over half of the users of each type usually purchase the cosmetic in a drug store, about one-fourth buy them in a department store and about one-fourth in a discount/variety stores.
- Lipstick is worn by 90%.
- Lipstick, lip gloss and face powder are applied more frequently than other cosmetics. Half or more of the users of these cosmetics apply them more than once a day.
- Half of the users of lipstick are using this cosmetic more now than they did a year ago.
- Virtually all wear eye makeup.

**Based on females between 13 to 21.*
Source: 1990 Cosmetic Survey conducted by Seventeen magazine and Globe Research Corp.

Price Paid For Last Cosmetic Product Purchase*

Item	Average Price Paid	$10 or more	$5-to-$9	$4	$3	$2	$1
Blusher	$5.70	17.0%	22.0%	19.9%	28.1%	12.3%	0.7%
Mascara	$4.00	5.4	16.9	19.6	32.8	22.3	3.0
Eye Liner	$3.40	4.4	12.7	12.2	28.2	25.6	16.9
Lipstick	$4.70	9.9	27.0	17.1	22.4	17.5	6.1
Nail Polish	$3.20	1.4	13.0	15.9	32.1	27.9	9.7

**Base: Users of each product.*
Source: 1990 Cosmetic Survey conducted by Seventeen magazine and Globe Research Corp.

BEAUTY CARE MERCHANDISING

Teens Makeup Foundation of Market

(Continued from page 31)
purchases averaged every two months. Mascara and nail polish have a slightly longer shelf life and were only bought every three months. Eye shadow, eye liner and nail hardener had the longest life. These items were purchased only every four to six months.

Interestingly enough, a higher percentage of those that used lip gloss purchased that item more frequently than others—once a month. However, this item also averaged the lowest price. Lip gloss users spend an average of $2.90 on the product, with 30.7% saying they spent only $2 on their last purchase.

This seems to be the exception rather than the rule. With so many independent studies pointing to an increase in spending in this prime age group, cosmetic manufacturers have a glowing future to look forward to.

The survey was conducted in March 1990 with members of *Seventeen's* consumer panel. According to *Seventeen*, the panel "represents a cross section of the female 13- to 21-year-old market."

Manufacturers Touting Green

(Continued from page 32)
dors are getting involved in source reduction, Hootstein said. Although the effect of any one change is small, the cumulative affect over time "will be widesweeping," he predicted.

P&G, for example, is dropping the carton from its Sure and Secret deodorants this fall, cutting package size by 30%. P&G claims that it spent at least $7 million to strengthen the plastic case on Sure and Secret so they can survive on shelves without the protection of an outer carton.

P&G also dropped the carton on its Prell concentrate in May and will drop the carton from Head & Shoulders concentrate as of July 1.

Although dropping the carton will have no major impact on retailers, they will have to adjust their planograms to account for a slight increase in facings. On a 4-foot shelf, facings for, say Sure and Secret, might increase by one or two, Martin estimated.

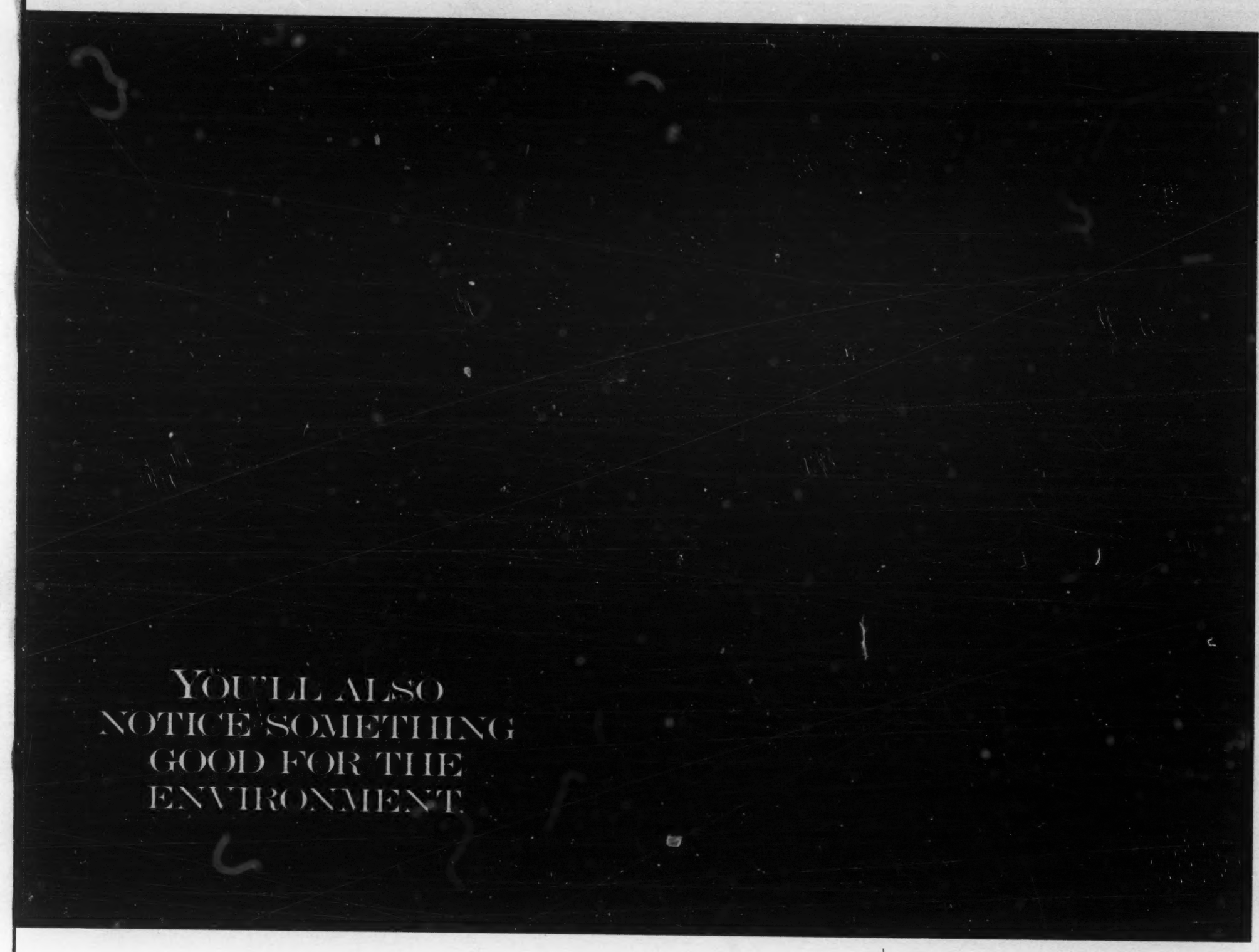
Such cartonless packaging is nothing new. Shampoo bottles never came in cartons, Martin said, nor did Mennen's Speed Stick. Faberge dropped the carton from its Power Stick deodorant two years ago.

Any product that contains an adequate selling message is a candidate for cartonless repackaging, Martin said. But where a product is too small to carry a complete selling message and product information, such as mascara, or where seals are need to protect against tampering, such as pain killers, cartons still will be needed, he said.

H&BA constitutes such a small part of the overall trash problem, compared to disposable diapers, cans and bottles and yard waste, that there isn't a major drive to reduce packaging on purely environmental grounds. H&BA packaging represents a fraction of 1% of the waste stream, Ruf estimated, compared to about 14% for grass clippings and leaves.

But H&BA brand managers are told they have to consider environmental issues when making changes, Ruf said. "They have to be worried about the environmental edge their competitors might gain."

Even though environmental marketing will result in more competition in H&BA, Ruf is not sure that it will have a major impact on brand share. "Marketing efforts will neutralize each other," he noted.



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Wal-Mart Shopping South of the Border?

(Continued from page 1)

Retailers who have stores anywhere near the Mexican border have been aware of the sales potential of the Mexican market by the high volume of cross-border shopping. McDonald's, Domino's Pizza, Subway and Arby's have already established a presence in the Mexican market—and where mass market food goes, mass market retailing can't be too far behind.

U.S. manufacturers are also alert to the growing vitality of the Mexican economy. When asked about sales to stores in Mexico, many flash a Cheshire cat smile and say, "Oh, it's *all right.*" Then, more seriously ask, "What have *other* manufacturers been telling you?" Many vendors have found Mexicans hungry for U.S. goods, but are trying to downplay the potential of this up and coming market, at least when it comes to letting their competitors know how well they're doing.

Kevin Sauder, director of marketing with ready-to-assemble furniture manufacturer, Sauder Woodworking, Archbold, Ohio, said his company is doing well in Mexico and has already completed assembly instructions in Spanish for its RTA furniture.

"We've made significant inroads into that market during the past couple years," he said. "All of international is growing quite rapidly. In fact, we've probably doubled our international sales each year for the past four years."

Tom Corbo, vice president, marketing with Manco, Westlake, Ohio, recently returned from an exploration of the Mexican economy.

"I don't know if everyone belongs in Mexico, but I know we do," Corbo said. "If U.S. retailers move down there, they will want a vendor that can act as a consultant on their team, teaching them what they've learned about the market."

Manco product is on shelves at Ace Hardware stores in Mexico and other outlets, and is expected to be stocked at some of the Mexican hypermarkets in the very near future.

Other U.S. manufacturers with product on the shelves of Mexican stores include Rubbermaid, Mead, W.T. Rogers, and Sherwin Williams (which operates a plant in Mexico).

The interest in the Mexican market is expected to become apparent by attendance levels at an upcoming Deloitte & Touche conference on the "Retailing Road to Mexico" on June 20 near the Dallas-based consulting group's headquarters. Speakers will include the Consul Generals of Canada and of Mexico; Joseph Haggar Jr., chairman of the board of Haggar Apparel, experts on Mexico from co-sponsors Deloitte & Touche and the University of North Texas.

The Mexican economy right now is a very concentrated market with roughly one-third of the population centered in the four major cities: Mexico City, D.F.; Guadalajara, Monterrey and Puebla (in that order of population). The minimum wage in 1991 is roughly $130 per month, according to research gathered by Manco's Mexican rep agency, Comercializadora ZAE. Other data reveals a population base very unlike the United States; 63% under 24 years of age.

Favorable currency rates and low cost labor have lured some manufacturers to move production to Mexico; having done so, their eyes have been opened to retail opportunities, especially with free trade with Mexico expected in the near future. The gradual flow of production into Mexico, in turn, is expected to spawn a blue collar worker class that seeks a place to spend its new income.

There are barriers to entry, especially until Free Trade becomes a reality—and most Mexican economy specialists say it *will* happen—but the question is whether it will take one year or two.

As it stands, all Mexican companies must be majority-owned by Mexicans (although one Mexican retail analyst said a form of waiver has been granted in some situations). Woolworth, for example, holds a 49% interest in Woolworth Mexicana S.A. deC.V.; the balance is held by a Mexican conglomerate, Corporacion Industrial Sanluis, S.A. deC.V. Woolworth has operated stores in Mexico for decades but during the past year or so has stepped-up its expansion. Five stores were opened last year for a total of 49.

Sears operates 41 stores in the country, seven of which are specialty store formats. According to Thurman Williams, president of Sears' Mexican division, "We're just doing super, especially during the last three years."

Thurman believes there is a "nice retail opportunity in Mexico," especially in the future.

U.S. 'Hybrid' Store Mirrors French Hypermarket Group

(Continued from page 1)

whose official name is Association des Centres Distributeur LeClerc. A.C.D. Lec. is composed of separate companies, each of which can own a few Leclerc units. The group operates like a cooperative wholesaler and did over $17 billion in sales last year, making it the biggest retailer in France and tenth largest in the world. Its 600 stores in France include 187 hypermarkets, 317 supermarkets, 51 specialty stores and 35 lawn and garden centers.

Didier Leconte, a member of A.C.D. Lec. for over 15 years and former owner of two Leclerc hypermarkets in the Normandy region of France, invested $800,000 to launch New Eldis three years ago and is its chairman and ceo. New Eldis said Leconte was the first member of the group to propose building stores outside of France that followed the Leclerc philosophy.

G.B. Glenmark is owned by its president Thomas Lenkevich, a Baltimore area food retailing executive. He had been vp of retail operations for B. Green & Co., a local food wholesalers, and prior to that president and owner of the Glenmont Food Rite in Wheaton, Md.

Invesdis Corp., a $5 million company, was funded by 200 members of A.C.D. Lec. who were interested in extending the group's concept to the United States. Leconte is Invesdis' president, while Marie-Laure Bordais is chairman and the other board members are Andre Jaud, Jean Paul Pageau and Michel Payraudeau.

While New Eldis will own a 50% interest in all Leedmarks, the company's day-to-day business, Leconte said, is to provide "general staff services" to the members of the group and to Invesdis.

Each Leedmark (or two-store venture) will have its own buyers, Leconte said, who will regularly meet to determine what goods the hoped-for chain will carry. Each Leedmark will purchase goods on its own, and can include items other stores don't carry to individualize its assortment, he added.

He said that Leedmark's unique structure should enable the venture to grow in the United States as owners of stores will only have to finance their basic operation, with Invesdis funding the real estate and building. Invesdis' income and outside funding, guaranteed by the real estate company, will be used to build stores.

The Glen Burnie Leedmark cost $26 million, $16 million for the land and building and $10 million for start-up of operations. The $10 million is for fixtures, advertising and related expenses and doesn't include the undisclosed inventory cost.

Leconte said the Baltimore/Washington market could hold about 10 Leedmarks, with future growth in contiguous areas. Baltimore was picked as the first market because it's the fifth largest in the United States, with Glen Burnie accessible to 1.5 million people within a 15-mile radius.

Meijer Returning to Cincinnati Market

(Continued from page 1)

A Meijer spokeswoman declined to comment on the planned expansion beyond confirming that the privately-held chain operates 63 stores, 60 of which are food and general merchandise combo stores.

For the Florence site, the developers also are negotiating with Bigg's for what would be its third hypermarket in the Cincinnati market, Phillips said.

After running into zoning problems in Florence, Cincinnati-based Bigg's let expire April 1 an option to buy 73 acres and build its own store in Turfway and instead shifted its plans to leasing. Carroll expects to announce by the end of the month which chain will anchor the mall. Kroger, the supermarket chain, is a third party interested in the site.

Meijer normally prefers to buy land and build stores itself, rather than lease sites.

Meijer operates about 50 of its stores in its home state of Michigan but has been making a major expansion into Ohio. It now operates 13 units in the Buckeye State, with two more set to open this summer and fall.

Meijer is pushing south along the interstates, opening five stores in the Columbus market, for example, and three in the Dayton market. It is building two more in Dayton, one of which will open this summer and the other next spring.

Besides Florence, Meijer also is considering sites north of the Ohio River in Amelia, Eastgate, Fairfield and Western Hills, *The Cincinnati Post* reported. The newspaper said that Meijer has acquired land in Indianapolis, Ind., which would make a third operating state.

But none of the Cincinnati sites are done deals, said Phillips, of Carroll Properties. Coincidentally, Phillips was in charge of real estate for Bigg's until last month.

Indicating why Meijer would be interested in Cincinnati, retail sales grew by 10% in 1990 to $1.30 billion from $1.18 billion in 1989, said Joseph Kramer, vice president for economic development of the Greater Cincinnati Chamber of Commerce. Even after adjustment for inflation, the real rate of growth was about 5%, he said, and discount stores did better than the average.

Area population grew by 5% to 1,744,000 in 1990 from 1,660,000, Kramer said.

But jobs grew six times as fast, 30%, or 170,300 jobs, to 768,000 in the same decade, Kramer. Although the recession has slowed job growth from its 1990 rate, the number of jobs still stood at 15,000 more at the end of the first quarter of 1991 than they did a year earlier, he said.

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Manufacturers Get Guide For Environmental Claims

(Continued from page 2)

gress to develop national standards for environmental marketing claims. Until that happens, follow the guidelines, the report recommends.

Specifically, the guidelines frown on such terms as "Environmentally Friendly," and "Safe for the Environment" because they imply that a product and its packaging have no adverse affect on the environment.

Another controversial claim is recyclable. The term should only be used when the product is widely recycled wherever it is sold. When it is only being recycled in parts of the country, the claim should so state, and the guidelines recommend listing an 800 number so consumers can find out where the product can be recycled.

When manufacturers claim they use recycled materials in their products, they should mean materials collected from consumers, not factory scrap that is reground and tossed back into the hopper.

Compostability is another controversial environmental claim that should only be used when the product is widely composted around the country and not when a test is being conducted, say, of disposable diapers in a couple of cities.

To obtain copies of Green Report II, write: Assistant New York Attorney General John W. Corwin, Consumer Frauds and Protection Bureau, Department of Law, 120 Broadway, New York, N.Y. 10271.